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A NEVER BEFORE PUBLISHED INTERVIEW WITH JESSE LIVERMORE

Written on May 26, 2011 by [David](#) in [Trading Generals](#)8 Comments - [Leave a comment!](#)

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What follows is a never before published "interview" with Jesse Livermore.

Conducted by Edwin Lefevre, dated circa 1922, this "interview" reveals great insights into the mind of the famous trader. As we will see, the wisdom imparted here could change our entire perspective on the speculative game we love and enjoy. It might even change our lives. I took the liberty of editing it due to its length.

Lefevre: Hello Mr Livermore. Thank you for taking the time to conduct this series of interviews with me. It is my understanding that you do not grant many interviews, so I am honored.

Livermore: You are very welcome. I appreciate the respect but you do not have to address me as Mr. Jesse, or my nickname, the boy plunger, will suffice.

Lefevre: And where did you get the name boy plunger?

Livermore: It was during the early days when I was trading small lots in the bucket shops, where the man who traded in twenty shares at a clip was suspected of being J.P. Morgan traveling incognito. I didn't have a following. I kept my business to myself. As it was, it did not take long for the bucket shops to get sore on me for beating them. I'd walk in and plank down my margin, but they'd look at it without making a move to grab it. They'd say nothing doing. That is when they started calling me the boy plunger. I had to move from shop to shop, even to the point of changing my name. I couldn't put trades on without getting cheated on the quotes. This was in Boston, so I then moved to where the real action was, to New York. I was 21 at the time.

Lefevre: Were you making money?

Livermore: My plan of trading was sound enough and won oftener than it lost. If I had stuck to it I'd have been right perhaps as often as seven out of ten times. In fact, I always made money when I was sure I was right before I began. What beat me was not having brains enough to stick to my own game – that is, to play the market only when I was satisfied that precedents favored my play. There is a time for all things, but I

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[Battlefield Preparations](#) (166)
[Battlefield Strategy](#) (159)
[BATTLES IN THE CROSSHAIRS](#) (6)
[Between Battles](#) (118)
[BOOK REVIEWS](#) (12)
[Boot Camp](#) (1)
[Candlestick Charts](#) (2)
[CHART ART](#) (1)
[CHARTILOSOPHY](#) (6)
[CHARTING ART](#) (1)
[CHARTS ... IN THE CROSSHAIRS](#) (3)
[CHT NOTES FROM THE FRONTLINES](#) (14)
[CHT STOCKTOON](#) (4)
[COMMENTS](#) (1)
[Crosshairs Psychology](#) (136)
[Crosshairs Seminar](#) (8)
[CROSSHAIRS SIGNALS](#) (3)
[CROSSHAIRS TRADERS](#) (8)
[Crosshairs Trading](#) (24)
[CROSSHAIRS TRADING MANUAL](#) (1)
[CROSSHAIRS TRADING UNIVERSITY](#) (36)
[CROSSHAIRS TRADING VIDEOS](#) (313)
[CROSSHAIRS TRADING WEBINAR](#) (25)

didn't know it. And that is precisely what beats so many men in Wall Street who are very far from being in the main sucker class. There is the plain fool, who does the wrong thing at all times everywhere, but there is the Wall Street fool, who thinks he must trade all the time. No man can always have adequate reasons for buying or selling stocks daily or sufficient knowledge to make his. play an intelligent play. The desire for constant action irrespective of underlying conditions is responsible for many losses in Wall Street even among the professionals, who feel that they must take home some money every day, as though they were working for regular wages. Getting sore at the market doesn't get you anywhere. I was only a kid and had a lot to learn.

Lefevre: Sounds like you were learning some valuable lessons.

Livermore: There is nothing like losing all you have in the world for teaching you what not to do. And when you know what not to do in order not to lose money, you begin to learn what to do in order to win. Did you get that? You begin to learn!

Lefevre: So, you have learned a few lessons about losing?

Livermore: I could write a book on losing. It takes a man a long time to learn all the lessons of all his mistakes. My losses have taught me that I must not begin to advance until I am sure I shall not have to retreat. But if I cannot advance I do not move at all. I do not mean by this that a man should not limit his losses when he is wrong. He should. But that should not breed indecision. All my life I have made mistakes, but in losing money I have gained experience and accumulated a lot of valuable don'ts. I have been flat broke several times, but my loss has never been a total loss. Otherwise, I wouldn't be here now. I always knew I would have another chance and that I would not make the same mistake a second time. I believed in myself. A man must believe in himself and his judgment if he expects to make a living at this game.

Lefevre: Sounds like losing is a good way to learn about speculation.

Livermore: Speculation is a hard and trying business, and a speculator must be on the job all the time or he'll soon have no job to be on. There is nothing like losing all you have in the world for teaching you what not to do. And when you know what not to do in order not to lose money, you begin to learn what to do in order to win. Did you get that? You begin to learn! If I learned all this so slowly it was because I learned by my mistakes, and some time always elapses between making a mistake and realizing it, and more time between realizing it and exactly determining it.

Lefevre: What have you learned about winning? Is there a particular strategy or market you prefer to trade where you win more than you lose?

Livermore: I NEVER hesitate to tell a man that I am bullish or bearish. But I do not tell people to buy or sell any particular stock. But the average man doesn't wish to be told that it is a bull or a bear market. What he desires is to be told specifically which particular stock to buy or sell. He wants to get something for nothing. He does not wish to work. He doesn't even wish to have to think. It is too much of a bother to have to count the money that he picks up from the ground. THE average ticker hound or as they used to call him, tape-worm goes wrong, I suspect, as much from over specialization as from anything else. It means a highly expensive inelasticity. After all, the game of speculation isn't all mathematics or set rules, however rigid the main laws may be. Even in my tape reading something enters that is more than mere arithmetic. There is what I call the behavior of a stock, actions that enable you to judge whether or not it is going to proceed in accordance with the precedents that your observation has noted. If a stock doesn't act right don't touch it; because, being unable to tell precisely what is wrong, you cannot tell which way it is going. No diagnosis, no prognosis. No prognosis, no profit.

Lefevre: How is a stock or market suppose to act for you to recognize a pattern of behavior?

Livermore: All a trader needs to know to make money is to apprise conditions. The big money was not in the individual fluctuations but in the main movements that is, not in reading the tape but in sizing up the entire market and its trend. And right here let me say one thing: After spending many years in Wall Street and after making and losing millions of dollars I want to tell you this: It never was my thinking that made the big money for me. It always was my sitting. Got that? My sitting tight! It is no trick at all to be right on the market. You always find lots of early bulls in bull markets and early bears in bear markets. I've known many men who were right at exactly the right time, and began buying or selling stocks when prices were at the very level, which should show the greatest profit. And their experience invariably matched mine—that is,

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[CTU WEBINAR](#) (9)

[Guest Post](#) (2)

[Humorous](#) (35)

[IN THE CROSSHAIRS GOLD](#) (19)

[IN THE CROSSHAIRS SILVER](#) (19)

[JUST A THOUGHT](#) (2)

[Market Opinion](#) (55)

[MENTORING](#) (5)

[Morale](#) (55)

[MR CHARTILOSOPHER](#) (4)

[News From The Frontlines](#) (33)

[ONE TRADE](#) (1)

[Options Basics](#) (1)

[Pep Talk](#) (65)

[PRE-MARKET INTELLIGENCE REPORT](#) (16)

[QOTD](#) (1)

[SAME AS IT EVER WAS](#) (15)

[Spies](#) (1)

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[SUN TZU Trading](#) (4)

[Technical Analysis](#) (13)

[Testimonials](#) (10)

[The Crosshairs](#) (12)

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[Through The Scope](#) (1)

[TIW](#) (1)

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[Trading Generals](#) (63)

[Uncategorized](#) (32)

[Weapons](#) (29)

[Weekly Charts In The Crosshairs](#) (14)

[WEEKLY Crosshairs](#) (11)

they made no real money out of it. Men who can both be right and sit tight are uncommon. I found it one of the hardest things to learn. But it is only after a stock operator has firmly grasped this that he can make big money. It is literally true that millions come easier to a trader after he knows how to trade than hundreds did in the days of his ignorance. Basically I watch the price of the stock. If it falls a few points but then begins to rise higher I know there is interest in its going higher. If it falls and does not recover then there is not enough interest for it to continue its rise. But in starting a movement it is unwise to take on your full line unless you are convinced that conditions are exactly right. Remember that stocks are never too high for you to begin buying or too low to begin selling. But after the initial transaction, don't make a second unless the first shows you a profit. Wait and watch. That is where your tape reading comes into enable you to decide as to the proper time for beginning. Much depends upon beginning at exactly the right time. It took me years to realize the importance of this. It also cost me some hundreds of thousands of dollars.

Lefevre: What causes you to be bullish or bearish?

Livermore: Obviously the thing to do is to be bullish in a bull market and bearish in a bear market. Sounds silly, doesn't it? But I had to grasp that principle firmly before I saw that to put it into practice really meant to anticipate probabilities. When I am long of stocks it is because my reading of conditions has made me bullish. But you find many people, reputed to be intelligent, who are bullish because they have stocks. I do not allow my possessions to do the thinking for me. That is why I never argue with the tape. To be angry at the market because it unexpectedly or even illogically goes against you is like getting mad at your lungs because you have pneumonia.

Lefevre: Would you say that there is much the market can teach the trader about making mistakes?

Livermore: The recognition of our own mistakes should not benefit us any more than the study of our successes. But there is a natural tendency in all men to avoid punishment. All stock market mistakes wound you in two tender spots- your pocket book and your vanity. Of course, if a man is both wise and lucky, he will not make the same mistake twice. But he will make anyone of the ten thousand brothers or cousins of the original. The Mistake family is so large that there is always one of them around when you want to see what you can do in the fool-play line.

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8 Responses to A NEVER BEFORE PUBLISHED INTERVIEW WITH JESSE LIVERMORE

Jesse Livermore

May 26, 2011 | 4:33 pm

i dont know how new this is, this is already been covered in the book that has been out for many many years



Tom Hen

May 26, 2011 | 6:12 pm

Nothing new here, this is straight out of the book. Too bad Jesse never learned the lessons he preached.



David

May 26, 2011 | 6:43 pm

I think you are missing the point; it is an "interview"

**David**

May 26, 2011 | 6:44 pm

Yes it is straight from the book and the book is based on a series of interviews. Does not matter if he did not learn. What matters is what WE learn.

**Miguel**

May 26, 2011 | 6:56 pm

His struggles back then are still very real today. It's pretty amazing how one mans principles/views about the stock market still apply today.

**David**

May 26, 2011 | 7:00 pm

Same as it ever was!

**Jesse Livermore**

May 26, 2011 | 9:13 pm

yes i agree. His book was the only one i read, of course i got the Smitten version but he does have the original portion from Livermores book from the 1940s.



As soon as I read that book twice, my trading profits soared, i learned how to, with a chart, find pivot points, look for confirmation to either short or buy, pay attention to volume, and to purchase stocks at 52 highs with heavy volume.

I also learned why one shouldnt buy the dips but instead wait for again, confirmation from the market.

In addition, I learned about sticking to the market leaders, because, yes, thats were u make your big money, and just sitting tight.

IT ia amazing that 70 years plus, pivot points are very alive and well, that volume matters and that there are times to trade and times not to trade.

I really learned from his book and again, my trading changed overnight.

It is simple but yet powerful. Thank you Jesse Livermore, u greatly helped me.

I Also want to thank Stocktwits, who brought this great traders teachings to my attention, from trading cotton to CMG, it has helped me to profit and get out when the trade wasnt ready to go.

I hope those of you who havent read his book, please read it, learn and you will experince success from one of the greatest traders ever Mr Livermore.

David

May 26, 2011 | 10:23 pm

Thank you for the thoughtful words.

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